



At the Heart of
the Community



**CANADIAN
PACIFIC
RAILWAY**

Moving the stuff you love.

2000 Report to Communities

Canadian Pacific Railway (CPR) provides rail and intermodal freight transportation services coast-to-coast over a 22,000-km (14,000-mile) network extending from Montreal to Vancouver, and throughout the U.S. Midwest and Northeast. Serving ports on the east and west coasts, CPR links North America with European and Pacific Rim markets, and is a leading carrier in the intermodal industry. Commercial alliances with other carriers extend CPR's market reach across Canada, the U.S. and Mexico.

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President's message

There are hundreds of communities along the CPR network – each different, yet alike in two important ways: they are home to CPR employees or pensioners and home to the track and facilities that have, for more than 100 years, linked Canadians – and, later, Americans – to the world.

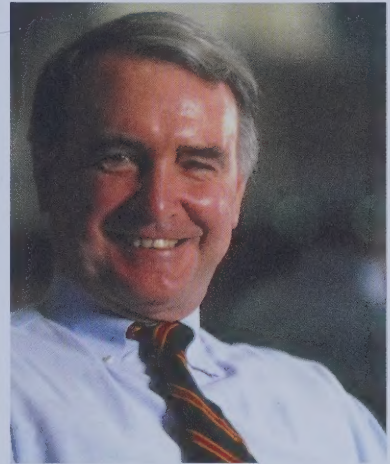
CPR's unique position in history – as a nation builder and corporate leader since 1881 – presents unique challenges and responsibilities. We are not here to simply provide employment and haul freight across a vast steel network. We are here to perpetuate our original mandate: to connect communities to each other and to their world.

This mandate manifests itself in the thousands of daily interactions between CPR employees and their neighbours in hundreds of communities along our lines. It manifests itself in the thousands of shipments that move each day, fulfilling the promise that began as seeds on the Prairie wheat fields, as blueprints in the manufacturing plants in the East or as raw resources in the forests and mines of the West.

In some way, each day, CPR is fulfilling its original mandate by connecting workers to jobs, freight to tracks, goods to consumers and communities to the world, and is doing so in safe and environmentally responsible ways.

Nevertheless, at times on this long journey we have lost touch with our community roots and the needs of our neighbours. That's why, in 2000, CPR set out to re-establish its relationships with many Canadian and U.S. communities. We want to make sure the railway and its neighbours are working toward a common goal.

This first edition of CPR's Annual Report to Communities features a few of our early successes – projects large and small that have in some way contributed to the quality of life of the towns and cities in which the railway operates and in which our employees live. There will be many more stories like these in 2001.



Rob Ritchie, President & CEO, Canadian Pacific Railway

At CPR, we believe our success depends on our ability not only to understand our business, but also to appreciate the issues that matter to the communities in which we operate – issues such as safety, quality of life and the environment. With enhanced community relations programs in 2001, we will ensure our reputation as a corporate citizen in North America is every bit as strong as our reputation as a preferred business partner of companies around the world.

Robert J. Ritchie

Emergency exercises help prepare for the real thing

"I am pleased to see, as a first step, the Sudbury Fire Department and CPR are providing hands-on training for many of the city's emergency responders."

Sudbury Mayor Jim Gordon

Two fires in CPR's Sudbury yard early in 2000 triggered questions among residents about railway safety: What does CPR do to protect our community? How are dangerous goods handled on the railway? How do the city's emergency services respond to railway incidents?

CPR answered these concerns by co-hosting an emergency response preparedness workshop with the Sudbury Fire Department in April. It was a chance to talk openly about the railway's role in this key Ontario community and explain CPR's efforts to run a safe and responsible operation.

The two-day session for first responders covered railway operating procedures, an introduction to different types of railway equipment and information about dangerous goods. Sudbury emergency response officials learned about special railway safety features, including trackside warning devices and tank cars built to withstand punctures, derailments and fire.

Sudbury Mayor Jim Gordon was pleased to see CPR and the city collaborating. "Public safety must be paramount in a community that has a railway bisecting its downtown core," he said.

Lessons learned at the April session are due to be tested at a full-scale mock disaster exercise in Sudbury in 2001.

Community note:

CPR is taking an open and pragmatic approach to addressing community disputes. The company is working with community groups to develop a local dispute resolution model that will set out mutually acceptable guidelines for handling issues involving communities and the railway. The aim is to prevent issues from escalating to the point where they harm the community and impede CPR's ability to serve its customers.

Trespassing youngsters walk into danger

Promoting railway safety in the community is all part of doing business at CPR. But that job took on a new sense of urgency in Ballston Spa, New York, after some tragic incidents involving children trespassing on a CPR bridge.

Known locally as the High Bridge, this isolated spot over Kayderosseras Creek occasionally attracted kids looking for adventure. But trespassers and trains are a dangerous combination and, as a result, concerned community and CPR officials put their heads together to tackle the problem.

At the top of their list of initiatives was a safety blitz in all area schools. CPR Police visit classes from kindergarten to Grade 12 each spring before school lets out, to teach children about the dangers of trespassing on the railway. Both CPR and municipal police stepped up surveillance at the bridge, especially during summer and holidays, when the risk of young trespassers is highest. New warning signs were also installed around the bridge.

CPR and the town cleared brush around the bridge to improve visibility and built a paved road and locked gate to give police better access to the site. And as an extra safety provision, all trains approaching the bridge began sounding their whistles to warn anyone on or near the track.

The result in 2000 was an accident-free year at the High Bridge.

“Accidents related to railway trespassing are devastating, heartbreaking – and entirely avoidable. With a combination of public education and active enforcement, we hope to make sure no other kid is ever hurt on the railway.”

CPR Police Superintendent Joe Bender

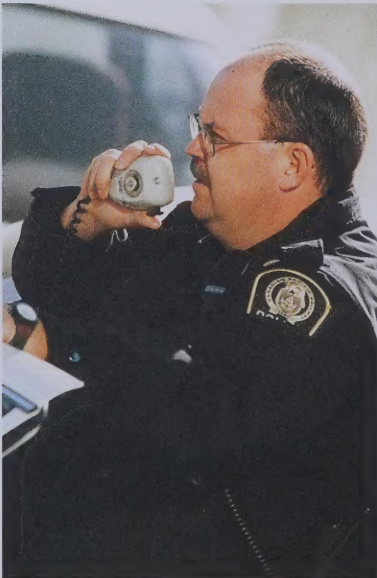


CPR Police and kids get together to talk about safety.

CPR Police deliver tough messages on railway safety

“When someone is hurt, it's not just the victim who is affected. It's everybody in that community.”

Doug Kinloch
CPR Police Constable



CPR Constable Doug Kinloch.

Making sure communities and the railway co-exist safely is the job of CPR Police Constable Doug Kinloch.

An 18-year veteran of the railway police force, he heads its community services office in Alberta and Saskatchewan and spends much of his time preaching railway safety in communities. In 2000 alone, he visited more than 30 schools, warning kids about the dangers of trespassing on railway property and delivering other important safety messages. He is one of eight community services officers across the network who are co-ordinated by Constable Bill Law in Toronto.

“People are fascinated with the railway,” said Constable Kinloch. “Whether they're five or 65, they love to watch trains. But it's my job to remind them that the railway is an unforgiving place for anyone who isn't supposed to be there.”

Constable Kinloch believes public education is key to preventing railway accidents, and the earlier kids are taught, the better. He aims to make children understand how the railway works: that trains can't swerve or stop suddenly to avoid hitting someone, that railway yards are dangerous places and that tampering with railway equipment can have tragic consequences.

The CPR Police collaborate with school and community officials where there is a particular railway safety issue. In addition to school visits, they attend community events or develop programs to tackle specific problems. The police also work closely with CPR train crews, who often witness safety issues in the making.

Constable Kinloch explained: “We work in partnership with communities because CPR is part of these communities. What happens to them happens to us.”

CPR works to protect a sensitive wetland

CPR, government and environmental experts joined forces in 2000 to carry out a major environmental project in Banff National Park's pristine Vermilion Wetlands.

CPR approached these groups for input when it began looking at ways to stop erosion of the rail line through the Vermilion Wetlands just outside of Banff. Frost heaves and water seepage in the Bow River flood plain were taking their toll on the track bed, but CPR's environmental experts knew any work in this sensitive area would require careful study and consultation.

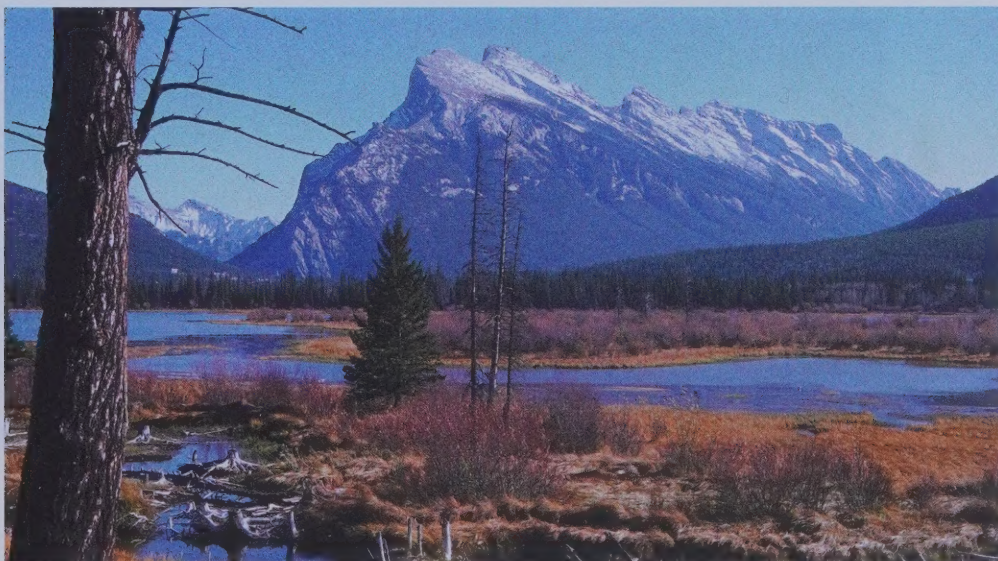
The company hosted a two-day workshop in Banff for Parks Canada, the scientific community and environmental groups to study different options. The group backed a proposal to install culverts, which would not only stabilize the track bed, but also help restore more natural water flows in the area.

After hosting an open house to tell local residents about the project, CPR installed nine culverts at seven locations beneath the track bed.

"The result was one that satisfied everyone involved – a safer section of railway track and improved water flows to this picturesque area."

Grete Bridgewater
CPR Manager of Environmental Programs

The Vermilion Wetlands near Banff, Alta.



Heritage Fund invests \$2 million in Canadian communities

“The Heritage Fund helped us rescue and restore a historic railway station that otherwise would have been demolished. This rare building will now be preserved for future generations.”

Terry Heffernan
Great Canadian Plains Railway Society
Lethbridge, Alta.

A new lakefront hall gives residents of Okanagan Landing, B.C. a place to meet after their previous community centre was destroyed by fire. A memorial to the victims of the sinking of a steamship is built in Dawson City, Yukon. And in Coutts, Alta., a historic railway station is saved from demolition.

These are just some of the millennium heritage projects supported by Canadian Pacific's Heritage Fund in communities across Canada. The projects are varied, but they all have one thing in common – they preserve and celebrate the things that matter to Canadian communities.

The Canadian Pacific Charitable Foundation launched the two-year Heritage Fund program to help Canadian communities mark the millennium. In 2000, the Heritage Fund gave more than \$900,000 to 21 community heritage projects across the country. Another \$1.1 million is set aside for distribution in 2001.

The Heritage Fund is about much more than preserving bricks and mortar – this money is helping communities tell the stories that connect current generations to their past.

In Camrose, Alta., a \$100,000 donation will be used to turn a heritage building into a badly needed youth centre. The Magnus Theatre Company of Thunder Bay is converting a 115-year-old schoolhouse into an arts centre that will bring theatre outreach programs to the community. And the Sail and Life Training Society of Victoria, B.C. is building a replica schooner for youth development programs.

Stories like these are repeated across the country as communities put the Heritage Fund to work for them.



Holiday Train brings hope to the hungry

The notion of community lies at the very heart of the railway. This has never been so apparent as when the CPR Holiday Train set out on its second-ever cross-country journey to raise money and awareness for Canadian food banks.

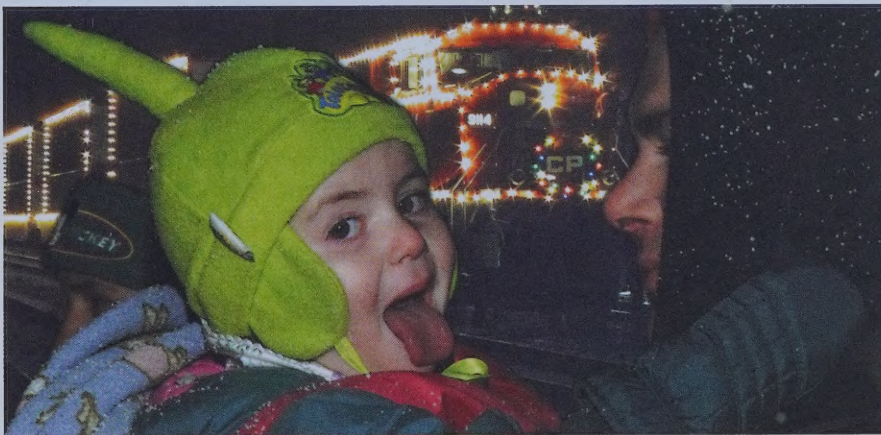
As CPR employees, customers, labour organizations, schools, towns and cities rallied behind the cause, the Holiday Train once again showed what it means to be part of a community.

After a spectacular send-off in Montreal on Dec. 5, the train, decorated in Christmas lights, began its 6,000-km journey across Canada, visiting about 50 communities along the way. Thousands of people braved icy temperatures to see the train and to make donations to their local food banks. Singer and humanitarian Tom Jackson entertained the crowds at many stops, and told his own stories about the need to reach out to the less fortunate at Christmas.

The results were heartwarming. Canadians donated more than 11 tons of food to their local food banks and, with the help of generous corporate sponsors, contributed about \$350,000.

"We live in a small global village where hunger knows no prejudice. We must not let anyone in this country fall victim to this silent disease."

Singer and actor Tom Jackson



A young well-wisher joins the Holiday Train festivities.

Employees pitch in to raise \$600,000 for United Way

"I've been involved with the United Way for a lot of years and I'm really impressed by the number of people they help. It's a lot of work to run a campaign of this size, but it's incredibly satisfying to see it all come together."

Lex Fenske
CPR locomotive engineer

Community spirit runs deep among CPR's 18,000 employees, and this is never more apparent than during their annual United Way fundraising drive.

Employees from across the CPR network pooled their energy and imagination to raise more than \$600,000 for the charity in 2000.

Lex Fenske, a locomotive engineer in Port Coquitlam, B.C., is a veteran United Way fundraiser who each year oversees a six-week campaign involving CPR employees throughout the B.C. Lower Mainland. With help from colleagues, he raised \$70,000 last year.

Lex knows it's hard to reach employees who work around the clock so he organized 24-hour barbecues at CPR facilities, held raffles and auctions, and canvassed individual employees. It's virtually a full-time job for Lex for a month of the year, but the results are rewarding.

Successes like this were played out across the network as CPR staff staged silent auctions and denim days and even shaved their heads to raise money. And most importantly, all the money stayed in the communities where it was raised — places like Thunder Bay, Winnipeg and Revelstoke.

But fundraising isn't the only way to help a community, as Calgary employees showed when they organized a neighbourhood clean-up. In October, nearly 130 CPR staff and their families converged in an inner-city neighbourhood to clean up parks and streets, and to help senior citizens with yard work. Others organized food drives and volunteered at local organizations to show their support.



CPR Vice-President of Real Estate, John Walsh, has his head shaved for charity.

New phone line keeps CPR plugged into community concerns

Giving communities a way to be heard was the aim behind the launch of CPR's Community Connect Line in November 2000.

This bilingual, toll-free service is designed to address community concerns about CPR's railway operations. These issues can range from railway noise to crossing issues or questions about railway safety and train frequencies.

The phone line is answered from 7:30 a.m. to 4 p.m. (MT) Monday to Friday by Lise Brown, CPR's Community Relations Representative. Relying on an extensive database of operational information and a network of experts within the company, Lise can get to the heart of the problem quickly.

"People are surprised when they get a real person on the other end of the phone," said Lise. "Often, that's half the battle – finding someone who's willing to listen and take hold of the problem.

"Before, these issues might have festered because people didn't know who to talk to within CPR. That sort of situation was not helpful to either the community or the railway," she said.

CPR's Community Connect Line uses the latest call-centre technology to track calls through to resolution and to identify patterns or problems as they emerge anywhere on the network. Lise is supported by a community relations team which takes over larger issues that need extra attention.

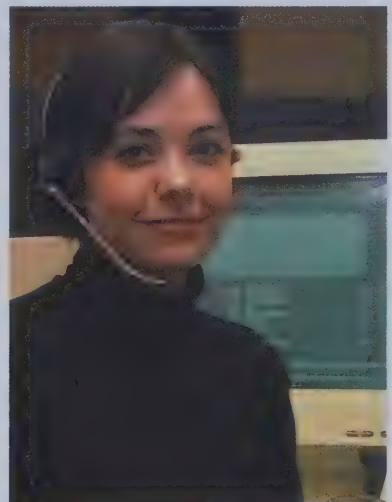
In the first three months, Lise handled more than 600 calls from communities across CPR's 14,000-mile network.

communityconnectline
1. 800. 766. 7912

"The important thing is that we've opened the communications channels between CPR and the communities we serve. As long as we're talking to each other, the issues seem much more manageable."

Lise Brown
CPR Community Relations Representative

Lise Brown, Community Relations Representative.



Rail link connects Central Alberta industry to the world

“This project is proof of the power of public consultation, and of co-operation between community, industry and government.”

Fred Green
CPR Vice-President of Marketing

In the fall of 2000, CPR completed construction of a rail line to link Central Alberta industry to the world.

The 12.6-km line now serves a new Union Carbide Canada polyethylene plant at Prentiss, Alta., connecting that company with large markets throughout North America and abroad.

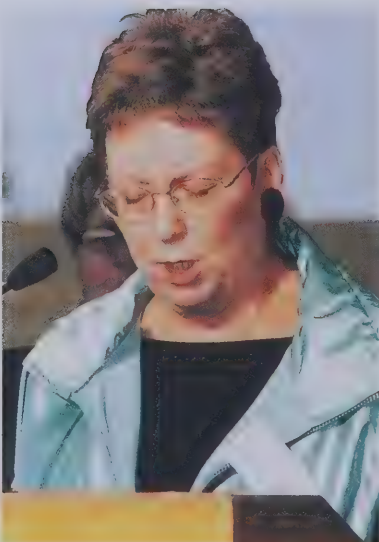
It is important to the region's economic development – and an important example of the merits of public consultation because the project was largely shaped by community input.

The three-year process – one of the most extensive community consultation campaigns ever conducted by the railway – began in the fall of 1996, shortly after the proposed polyethylene plant was announced. As a result of the consultation, the railway and the community refined plans for the new rail line, addressing issues raised by Lacombe County residents such as safety, environmental concerns and agricultural land use. The ultimate design ensured minimal use of agricultural land and incorporated environmental safeguards.

Another positive initiative emerged when the railway, the Town and County of Lacombe, the shipper, and Alberta Transportation and Utilities agreed to share the cost of a \$1.2-million underpass at the intersection of the rail line and Highway 12 in Lacombe County.

As a result of the strong working relationship that grew out of this project, the railway and the community continue to meet. A Community Advisory Panel convenes regularly to discuss issues of common interest and concern.

Fred Green, CPR's Vice-President of Marketing and the leader of the Lacombe project, said: “The Community Advisory Panel provides CPR with a new and consistent flow of community input and provides residents with a new source of information about the railway and our operations in the community.”



Lacombe-Stettler MLA Judy Gordon at the official opening of the Prentiss rail line.

Underpass resolves impasse at Moose Jaw

In July 2000, CPR and the City of Moose Jaw celebrated completion of a new \$2.1-million refuelling facility in the city and a \$3.3-million vehicle and pedestrian underpass. It was a project that brought together government, industry and community.

The underpass was a solution to a problem encountered when the railway began to design its modernized refuelling facility. Due to the required location of the refuelling centre and the increasing length of CPR trains, it was determined that west-bound trains stopping at the new facility would block a level crossing at 8th Avenue SE – making the street impassable to motorists and pedestrians during frequent train refuelling stops.

During a three-year public consultation program, CPR and community members examined a number of options. While the value of the refuelling facility was clear – economic investment, sustained employment and the strengthening of Moose Jaw's ongoing role as a key hub for the railway – it was also obvious that the prospect of a frequently blocked crossing was not in the community's best interests.

Eventually, a four-way partnership emerged to finance construction of an underpass. As part of a cost-sharing partnership with the City of Moose Jaw, the Province of Saskatchewan and Western Economic Diversification Canada, CPR contributed \$2.1 million toward construction of the underpass, with the remainder of the cost shared by the other partners at \$400,000 each.

Moose Jaw Mayor Ray Boughen applauded the co-operative effort that guided the railway and the community through a complex consultation process.

"The investments by CPR, and the contributions by all levels of government, provided an economic and social boost to the City of Moose Jaw," he said. "The project was a good example of what can be accomplished when industry, government and the community work together."

"Thanks to some innovative thinking and collaboration with local partners, we found a solution that recognized community interests in Moose Jaw."

Doug McFarlane
CPR Assistant Vice-President of Transportation

Community note:

Community consultation paved the way for an important new rail facility in the Corktown area of Detroit last year. CPR met with nine different neighbourhood groups to review plans for the proposed intermodal terminal. After addressing residents' concerns about traffic generated by the new facility, CPR opened its Expressway terminal and extended this innovative new service into a key U.S. market.

Railway moving ahead with more constructive changes

Watch the CPR Web site (www.cpr.ca) for information on these and other developments in 2001.

The work doesn't stop with the projects outlined in these pages. In fact, 2000 was only the start for CPR's expanded community relations program, and many more projects are in the pipeline for 2001 and beyond.

CPR is continuing to build solid new relationships with community organizations. The company is teaming up with the Federation of Canadian Municipalities (FCM) and many of its provincial affiliates to tackle railway community issues at the national and provincial levels. CPR is sponsoring the FCM's national conference in Banff in May and is working with the organization to develop a new approach to resolving local disputes.

CPR has also pledged to work closely with communities where perennial issues exist regarding railway operations. These areas include Cote St. Luc in Montreal, Vancouver's port area and the northern Ontario city of Thunder Bay. CPR is working with these municipalities – and directly with affected residents – to find solutions. In some cases, these groups have invited a third-party facilitator to find new ways to help the community and railway work together.

This year marks a new beginning for CPR's community investment program. The Canadian Pacific Charitable Foundation, which has generously funded many of the railway's programs, will cease operations in 2001 as part of the reorganization of CPR's parent company, Canadian Pacific Limited. CPR will develop its own program to continue to serve communities along its network.

Communities in Canada and the U.S. will relive the magic of the steam era when Locomotive No. 2816 makes a spectacular return to service. The 70-year-old steam engine will become CPR's roving ambassador, visiting communities and attending public events across the network. Locomotive 2816 is nearing the end of a major restoration and will be officially unveiled in 2001.



CPR Locomotive No. 2816.



**CANADIAN
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community^{connect}line
1.800.766.7912

Community Relations
Suite 500
Gulf Canada Square
401 – 9th Avenue SW
Calgary, Alberta T2P 4Z4
www.cpr.ca



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